



Kaw Valley State Bank & Trust Co.

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December 22, 2005

Mr. John F. Carter
Regional Director
Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square
San Francisco, CA 94105

RE: Walmart's application for FDIC insurance for a Utah ILC banking charter.

Dear Sirs:

As Walmart opened its new store in Manhattan, Kansas featuring groceries, it cut prices till "Food for Less" closed its doors. Without that competition, Walmart can become more aggressive with their pricing, i.e. they can raise prices! --an old story for Walmart--run the competition out of business so they can control the business!

Walmart has applied to FDIC for insurance to start a bank in Utah. I understand that if they get that approval, they can begin by handling all their own banking --and then they will have the ability --and capital-- to undercut any market they target.

The banking industry has been kept out of commerce for a reason. If the "Bank of Walmart" were to become the markets only choice, could you imagine a competitor of Walmart--say a grocery store--needing working capital and approaching the "Bank of Walmart" for a loan? First, Walmart would look at all their financial and review their profitability. If the financial were weak or the market was considered bad, they would of course turn the loan down. If it is good enough, they wouldn't have to make the loan to make a profit, they could simply build a store and control the market! By keeping a division between the business of "banking" and the business of "Commerce", these lines of ethical behavior are much more easily drawn -- and enforced. (I sure wouldn't want to be "Food for Less" asking "Bank of Walmart" for a working capital or capital improvement loan so they could compete with their area grocery stores!)

Of course, if Walmart were in the banking business, this problem wouldn't be confined just to grocery stores. Look at all the lines of which Walmart has become involved. Hardware, Clothing, Automotive, Sporting goods--to name a few.

I believe the division between Commerce and Banking was wisely established years ago --and I further believe that Walmart has no business getting into the business of banking.

Sincerely,

Ed

Ed Martin
President

EM/pn

CASE NAME Walmart Bank

☐ SHC: _____
☐ INST: _____
☐ NON-BK: _____
☐ PCA/CA: _____
☐ FO: _____
☐ W/O-RM: _____
☐ STATE: _____
☐ OTHER: _____
☐ OTHER: _____

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